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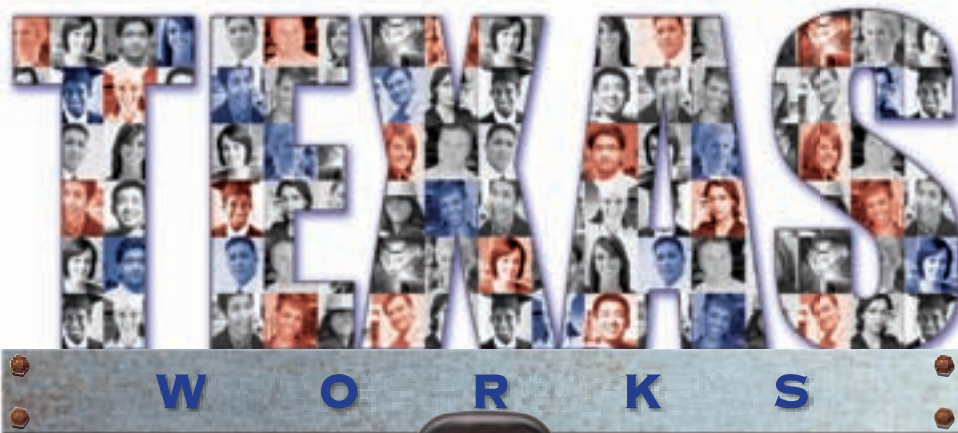
# FISCAL NOTES

A Monthly Review of the Texas Economy from the Office of Susan Combs, Texas Comptroller of Public Accounts, April 2009

MARCH REVENUE (IN MILLIONS): SALES TAX: \$1,589.1 OIL PRODUCTION: \$38.4 NATURAL GAS: \$118.0 MOTOR FUELS: \$235.0 MOTOR VEHICLE SALES: \$213.6 TOBACCO: \$132.1

## Around Texas

- A March employee confidence survey by **Spheron** indicates that more Texas workers are optimistic about the future of their employer. Seventy-seven percent of workers reported confidence, an increase of nine percentage points from December.
- **Lubbock** appeared on *U.S. News and World Report's* list of **10 Best Cities for Job-Seeking Retirees**.
- **Lockheed Martin** will locate its Altair program office in **Houston** to provide support for NASA's next-generation human lunar lander system, the agency's project to transport and house up to four astronauts onto the moon's surface.



Several years ago, instructors at Howard College in San Angelo learned something new: It was becoming harder for area industries to find skilled workers.

Area businesses identified a shortage of health care professionals. A committee of health care providers and representatives from the San Angelo Chamber of Commerce, Concho Valley Workforce Board, City of San Angelo Development Corporation, Howard College, Angelo State University and San Angelo Independent School District came together and coordinated an aggressive marketing campaign to attract students.

Later, the committee identified a



shortage of welders. A welding survey was developed to determine the needs of area companies, and Howard College's Workforce Training department used the results to de-

velop advanced welding courses to meet the needs of local employers.

"We went from having about six or seven students in our welding classes to having 12, with a waiting list for more students that we hope to add when we have the space," says Jamie Rainey, division director of Workforce Training at Howard College, which partnered with businesses to identify work force demands.



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# Weathering the Storm

## The Texas Economy Over the Next Two Years

After years of robust growth, Texas is finally feeling the global recession. The braking effect exerted by the financial melt-down and plunging energy prices will hit many Texas industries hard in 2009, causing the state to shed jobs and cutting its economic growth rate by more than half.

Recovery is projected to begin in 2010, and 2011 should see the state's growth approach pre-recession levels. But for the next two years, Texas lawmakers will have about 10 percent less in state revenue available for general-purpose spending than they did in the previous biennium.

That's the path charted by the Comptroller's biennial revenue estimate (BRE) for the state's 2010-11 budget cycle.

"Texas has a strong and diverse economy that has helped us outpace the rest of the country, even in recent tough times," says Texas Comptroller Susan Combs. "However, while we have fared better than other states, Texas is not immune to a recession that is affecting our nation and the entire world."

The Texas Constitution requires the Comptroller to issue a BRE before each regular session of the Legislature, to inform its members of the amount of revenue the state can expect to receive over the next two-year budget period. Since Texas' taxes are tied directly or indirectly to the state's economy, the BRE process includes a detailed forecast of economic conditions.

### ROUGH SEAS AHEAD

Economists now believe that the nation entered recession in December 2007, but Texas seemed immune through most of the following year, buoyed by skyrocketing oil prices, a healthy real estate market and a weak dollar that boosted Texas exports.

At the end of the state's 2008 fiscal year (Sept. 1, 2007 to Aug. 31, 2008), the state

had added about 252,000 jobs. The nation lost 279,000 jobs over the same period. The Texas real gross state product rose by 4.2 percent in fiscal 2008, while the national economy expanded by just 1.9 percent.

By the end of fall 2008, however, collapsing financial markets and lower energy demand had begun to leave their mark on Texas. The state lost 102,000 jobs in the first two months of 2009.

"Things should begin turning around late in the year, though," says John Heleman, the Comptroller's chief revenue estimator. "We expect the state to go back to adding jobs throughout 2010. By fiscal 2011, the state should be adding about 20,000 jobs a month."

But the knocks and shocks of the recession won't be spread evenly throughout the economy. Some industries are in for a rougher ride than others.

### BATTEN THE HATCHES

BY BRUCE WRIGHT

The value of Texas exports jumped by 16 percent in fiscal 2008, but the biennial revenue estimate anticipates an increase of just 1 percent for fiscal 2009 and a decline of 1 percent in 2010.

### ENERGY IN THE DOLDRUMS



Until just a few months ago, energy production was one of the hottest sectors in the Texas economy. In the last four years,

Texas employment in energy production rose by an average of 8.7 percent annually. But those days are over, at least for a while.

### FEELING FLATTENED

The Comptroller estimates state employment growth will grind to a halt in fiscal 2009, with recovery beginning in the following year and picking up steam in 2011.

### NONFARM EMPLOYMENT (in Thousands)

Years	Total Jobs*	Annual Percent Change
2006	9,984.30	3.3
2007	10,293.20	3.1
2008**	10,538.00	2.4
2009**	10,537.30	0.0
2010**	10,637.60	1.0
2011**	10,889.40	2.4

\* Based on annual averages

\*\* Estimated or projected

Source: Texas Comptroller of Public Accounts

"Right now, the prices just aren't high enough to support a lot of exploration and drilling activity," says Heleman. "And while we do expect to see some escalation in oil prices by 2011, it won't be anything like the tremendous run-up we saw in the last few years."

According to the BRE, employment in the Texas oil and gas industry will fall by about 5 percent annually through 2010 and 2011, for a total loss of about 21,100 jobs.

## CONSTRUCTION: GAINS LOST



During the past few years, Texas' construction industry was much healthier than the nation's, due to continuing strength in real estate and a series of major utility, refinery and roadway projects. But the state can't avoid the worldwide credit crunch, and construction activity is headed for a sharp reduction.

"Commercial building will be hit hardest," says Heleman. "We're expecting nonresidential construction activity to fall by 42 percent over the next biennium." Residential construction will fare little better, with a 36 percent drop in building starts.

The BRE estimates that job losses in the Texas construction sector during 2010 and 2011 will wipe out the previous two years' gains.

## EXPORT RECOVERY AHEAD



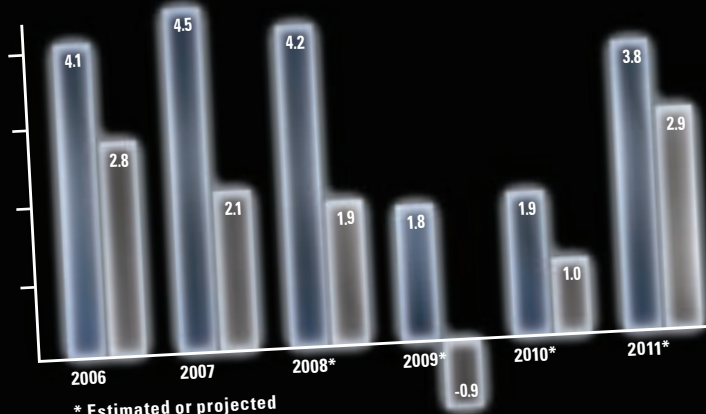
Texas has been the nation's top exporting state for six consecutive years, and export sales have helped its manufacturers weather recent economic shocks very well. But financial chaos around the world has strengthened the dollar, making Texas exports less attractive, while also reducing worldwide consumer demand for a variety of products. The value of Texas exports jumped by 16 percent in fiscal 2008, but the BRE anticipates an increase of just 1 percent for fiscal 2009 and a decline of 1 percent in 2010.

## AVOIDING "NEGATIVE GROWTH"

Growth in the Texas economy will slow significantly over the next two years, but the state is expected to avoid a contraction. The nation as a whole will not be so fortunate.

## Real Gross Product: 2006-2011

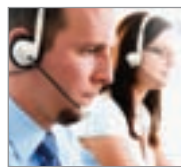
Texas Annual Percent of Change U.S. Annual Percent of Change



Source: Texas Comptroller of Public Accounts

"We'll see a strong recovery in 2011, though," says Heleman, when exports are expected to rise by about 9 percent.

## SERVICES: SOME GOOD NEWS



Most Texas service industries added jobs in 2008. Professional and business services was the fastest-growing industry over the last biennium, accounting for nearly a quarter of all additional Texas jobs, and its growth should remain solid over the next two years, gaining jobs at an annual average rate of 3.1 percent.

Education and health services look secure as well. An average annual job growth of 3.3 percent in 2010 and 2011 should net the state about 89,000 new jobs. Transportation employment is projected to remain flat in 2010 and add jobs during the following year. And leisure and hospitality — restaurants, bars, hotels and motels — are expected to outpace overall state growth even in an era of tighter disposable income.

Texas' financial services companies are in infinitely better shape than most of the nation's, but that's a relative term. The BRE expects anemic job growth at an annual average of 0.5 percent for the sector, translating into 6,400 more jobs for the biennium.

Retail trade can expect rougher times.

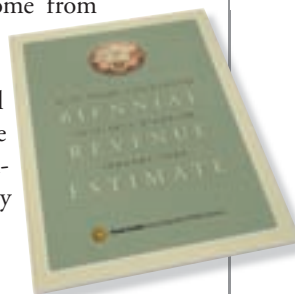
"We expect retail to lose a lot of jobs this year and in fiscal 2010, before picking up some gains in 2011," Heleman says. "In particular, sales of big-ticket items like cars are going to be hurt by the credit crunch."

## THE STATE'S BOOKS

Tougher economic times mean slumping tax collections. Texas sales tax revenue, for instance, rose by 10.9 percent in fiscal 2007 and 6.6 percent in fiscal 2008, but is expected to increase by just 0.4 percent in fiscal 2009. The BRE forecasts a fiscal 2010 increase of 0.5 percent and 4.2 percent in 2011.

In all, the Comptroller's office estimates the state will have \$77.1 billion available for general-purpose spending during the 2010-11 biennium, about 10.5 percent less than in the previous two years. That figure represents the 2009 ending balance in the General Revenue Fund, funds from tax collections and other income from sources such as fees and interest on investments, less \$1.1 billion that will be transferred to the state's Economic Stabilization Fund (the "rainy day" fund). **FN**

Read the BRE online at [www.window.state.tx.us/taxbud/bre2010](http://www.window.state.tx.us/taxbud/bre2010).





# Manufacturing Tomorrow's Work Force

## South Texas College offers customized training options.

**R**aul Gutierrez, 33, of McAllen, has worked for five years as a machine operator for GE Aviation. At GE's request, he entered a three-year machinist apprenticeship program at South Texas College (STC), which he completed this past November. Two months later, the company promoted him to machine specialist, which came with a 20 percent pay increase.

"With all the knowledge that you come out of there with, it is worth the time and effort put into it," Gutierrez says. "Now it's not as hard to make ends meet each month, and my wife says she's proud of me."

The pay increase also allowed Gutierrez to buy his first house for his young family.

Wanda Garza, executive officer for the North American Advanced Manufacturing Research & Education Initiative (NAAMREI) and STC says community colleges adapt to changing work force demands and are more accessible to people.

"Community colleges are more responsive to achieving that goal," she says. "The community college system is a true asset for Texas."

## LEADING THE CHARGE

**T**he college's main campus in McAllen recently became the headquarters for NAAMREI — a collaboration of manufacturers' associations, colleges, and government and finance entities. The initiative, funded by the U.S. Department of Labor, seeks to increase the number of high-wage manufacturing jobs in the Rio South Texas region by almost 45 percent to at least 25,000 by 2017. NAAMREI officials say advanced manufacturing provides the greatest economic boost of all industry clusters, with every dollar of goods produced generating an additional \$1.43 for the Texas economy.



... more training would make him a more valuable employee.

For the past five years, STC has been the lead agency for the Rio South Texas Manufacturing College Alliance, which recently established an Institute for Advanced Manufacturing at STC that provides customized training to workers. Texas State Technical College Harlingen, Laredo Community College and University of Texas at Brownsville and Texas Southmost College were also named Institutes for Advanced Manufacturing.

In 2007, the alliance received \$3 million from the Texas Workforce Commission to provide advanced manufacturing training to at least 2,500 people during the next three years. In its first year, the alliance has trained about 1,600 people.

## ONWARD AND UPWARD

**A**fter his promotion to maintenance manager at Humanetics in McAllen, Lupe Quintanilla enrolled in STC's leadership training at his employer's request. Believing more training would make him a more valuable employee, Quintanilla enrolled in additional classes. Two months later, he received another promotion and an 8.7 percent pay raise.

Similarly, Gutierrez hopes to achieve more educational goals, such as earning his machinist programmer certification, which in Texas pays an average hourly wage of \$15.70, according to the Bureau of Labor Statistics. With three to four more classes, he could earn his associate degree.

More than anything, Gutierrez wanted to set a good example for his 2-year-old son.

"Of the six people who started the machine specialist class, I was the only one who finished," he says.

He was also the first student to complete the certification program.

"There were times I got frustrated, but I would tell myself 'I need to do this,'" Gutierrez says. "I didn't want my kid to find out later that his dad quit something." **FN**

To see how South Texas College's Institute for Advanced Manufacturing is helping industry, visit <http://manufacturing.southtexascollege.edu>.

*Wanda Garza, executive officer for Workforce Development and External Affairs at South Texas College*



# Skilled Labor

## Community colleges turn funds into technical training for Texas workers.

From the age of five, the place where Texans go to learn is the classroom.

In the world of work, not everything can be learned on the job. The Texas Workforce Commission's (TWC) Skills Development Fund (SDF) program and community colleges around the state have enabled thousands of workers to return to school each year to learn new concepts and techniques in the classroom.

Many companies get by with in-house training, but for some Texas industries, updating existing skills and training dozens or even hundreds of new hires quickly and efficiently requires outside help.

### MOVING TEXAS' EXPORTS AND IMPORTS

At the Port of Houston, the 2007 opening of the Bayport Container Terminal created almost 500 openings for dockside workers. A \$987,600 SDF grant teamed the West Gulf Maritime Association (WGMA) and the International Longshoreman's Union with San Jacinto College to offer additional training to more than 1,600 workers, says Sherry Jones, executive director of the Continuing and Professional Development Division at San Jacinto College.

"We worked with companies and consortium members to find out what their needs were," Jones says. "We identified the right people with industry expertise to serve as instructors to teach the workers."

"There was a wide variety of training, everything from someone just coming into the industry to supervisory training," says Nathan Wesely, WGMA vice president and general counsel.

Training and experience are important dockside since jobs are allocated at the union hiring hall. Seniority and skills certification will give port workers higher-paying work.

Wesely says finishing high school is not a prerequisite for working on the docks. Entry-level workers come in at \$10 per hour; for experienced workers, pay can range up to \$30 per hour. Under the SDF grant, new hires received basic training to get them to the point they could be productive, Wesely says.

"Safety was important. There were classes on how the industry works and what they'd be expected to do," he says. "Then there was training on equipment, top loaders, truck driving — a wide variety of different equipment."

### MAKING SURE INDUSTRY OPERATES SAFELY

Industry-specific training is a key component of the services provided by many community colleges in Texas, particularly for manufacturing operations working cooperatively to train workers at different companies throughout a region. While San Jacinto's grant to train maritime workers concluded in early 2008, more than 1,200 inspectors working at manufacturing firms in the Houston area are being trained with a \$3 million TWC grant.

Joe Sanders, a non-destructive testing (NDT) and radiographic testing supervisor based in Pasadena, says certified training is becoming more important.

"NDT technicians aspire to become inspectors," he says. "API-certification training has helped the existing work force advance."

By the end of 2008, 560 existing workers and 665 new hires had completed the program. **FN**

Read the expanded version of this story online at [www.fiscalnotes.com](http://www.fiscalnotes.com) to see how plant inspectors advocate continued safety and technical skills training.

The WGMA offers benefits, training and payroll services to maritime companies on the Gulf Coast. Find out more at [www.wgma.org](http://www.wgma.org).



### SKILLS DEVELOPMENT FUND: WHAT IS IT?

The Texas Workforce Commission's Skills Development Fund supports the growth of Texas businesses by helping Texas workers acquire new skills or upgrade existing skills to advance their careers. A business, consortium of businesses or trade union identifies a training need and then partners with a public community or technical college to develop a project to fill that need. For more information, visit [www.twc.state.tx.us/svcs/funds/sdfintro.html](http://www.twc.state.tx.us/svcs/funds/sdfintro.html).

### WHO'S BEEN TRAINED?

#### 1996-2008:

- 3,263 employers
- 76,191 new jobs
- 132,439 incumbent workers retrained
- 208,630 total trained

#### Fiscal Year 2008:

- 148 employers
- 7,984 new jobs
- 11,705 retrained

Source: Texas Workforce Commission







**"In Texas, there is no one-size-fits-all model of education."**

— Susan Combs, Texas Comptroller

CONTINUED FROM PAGE 1

What educators in San Angelo discovered echoed the findings of the Texas Comptroller's *Texas Works* report, which outlines critical shifts in the U.S. and Texas economy that call for swift action to avoid work force shortages in several key industries across the state. Changing demographics and shifting educational attainment rates may mean a shortage in skilled technical workers, according to the report, which also outlines several key steps and initiatives to offset the trend and educate students and parents about the many paths to success.

## WINDS OF CHANGE

During the 1940s, the U.S. economy was saved largely by a boom in the industrial sector thanks to World War II. Orders for

war materials spurred industrialization and brought new life and revenue to a battered economy.

Within a few decades, though, after a significant increase in prosperity, the nation's economy became information-based. The need for college graduates skyrocketed, and educators and parents scrambled to route more students into four-year universities.

Today, attention continues to focus on encouraging students to earn four-year university degrees. And while Texas' diverse business climate requires college graduates to participate in its engineering, medical, telecommunication and education sectors, there is growing demand for more technically skilled workers. If it goes unmet, this demand could have a dramatic effect on the state economy.

## ONE SIZE DOESN'T FIT ALL

As the nation's leader in job creation, Texas has a high demand for workers. Educators and parents are tasked with making the right information and resources available to provide the best type of education for their children and students.

The blanket four-year university approach assumes that if university education is promoted strongly enough, all students will attend. The reality, however, is that many students will choose not to attend universities, no matter the promotion. And there is a tremendous mismatch between the number of advanced degrees and jobs requiring them.

"In Texas, there is no one-size-fits-all model of education," says Texas Comptroller Susan Combs. "Students have a diverse set of needs and career aspirations, and right now, our system doesn't fully reflect that."



## INDUSTRIES, COLLEGES TEAM UP TO TRAIN NE TEXAS WORK FORCE

Three community colleges, 14 manufacturing companies, Workforce Solutions of Northeast Texas and the Texas Workforce Commission (TWC): Put their resources together you get the Regional Advanced Manufacturing Academy (RAMA), which delivers thousands of hours of training for new and existing employees in Northeast Texas.

Paris Junior College (PJC), Texarkana and Northeast Texas community colleges each have centers of excellence that conduct different types of training, says Kevin Rose, PJC dean of workforce education. Paris delivers manufacturing processes; Texarkana is the center for logistics; and Northeast's center of excellence is quality assurance and safety.

The \$1.2 million TWC skills development grant funds training for manufacturers located in each college's service area, including Campbell Soups, International Paper, Kimberly-Clark, Diamond C Trailers and Sara Lee.

Campbell Soup's Vice President of Operations Mike Winkler says the synergy between the manufacturers, colleges and economic development officials has been key to developing successful programs.

His company already employs more than 800 people in Paris, where it has had a presence since 1964. The addition of a new V8 juice production line means Winkler needs to find another 60 to 70 employees in an area with already low unemployment.

Campbell's employees take a self-paced online safety, maintenance skills and supply chain logistics course, and are then tested accordingly.

"It's not specific to equipment but it improves problem-solving skills," Winkler says. "That helps workers when they learn to operate the systems used on the production lines." **TN**

(Gerard MacCrossan)

For more information about work force education in northeast Texas, visit [www.parisjc.edu](http://www.parisjc.edu).

## BIG DEMAND

**M**any baby boomers who staffed vocational positions have retired in recent years, leaving some areas in a bind. Corpus Christi, Port Arthur and other cities are reeling from a shortage of welders. If this trend continues, employers may be forced to relocate to areas with more readily trained work forces.

In 2007, more than 80 percent of all Texas jobs did not require a bachelor's degree. Similarly, demand for skilled workers far outweighed job openings, with 43,715 openings for 36,442 technical school graduates that year.

Even more alarming: Jobs requiring bachelor's degrees and above had 104,054 graduates competing for about 85,000 openings that year.

But policy and revenue streams may be hampering the ability of many community colleges to support more students. State appropriations for community colleges are not keeping pace with demand for student hours. After accounting for inflation, formula funding appropriations declined by 23 percent per hour over the last decade. Considering that enrollment increased 3.4 percent annually at Texas community colleges over 10 years, state spending per student increased by only 1 percent per year, putting reliance on local funding.

## DEMOGRAPHIC CHANGES AFFECTING WHO GOES TO COLLEGE

**T**he economy is having a big impact on the number of people coming to us looking for opportunities," Rainey says.

Texas population projections predict a less educated work force and fewer skilled workers if trends continue. The State Data Center predicts an overall decline in the educational attainment of the Texas labor force by 2040. That same year, a larger percentage of the Texas work force, about 30 percent, will have no high school diploma.

But by giving students several options for post-secondary studies, the *Texas Works* report finds the state could increase interest in technical training.

## Education Requirements for Texas Jobs, 2007

In 2007, just more than 80 percent of all jobs in Texas did not require a college degree.

	NUMBER OF JOBS	PERCENT
Short-term on-the-job training	3,657,193	35.65%
Moderate-term on-the-job training	2,291,220	22.33
Long-term on-the-job training	689,753	6.72
Work experience in a related field	678,346	6.61
Postsecondary vocational award	497,698	4.85
Associate degree	407,568	3.97
<b>Subtotal – no bachelor's degree required</b>	<b>8,221,778</b>	<b>80.15%</b>

Note: Numbers may not total due to rounding

Source: Economic Modeling Specialists, Inc.

## EDUCATION PUSHES SALARY, ECONOMY

**F**or technical certificate jobs paying more than \$37,187 annually, the 2007 median earnings was \$46,616 — far more than the \$32,000 median salary of a Texan with just a high school diploma.

"Our top graduates from the chemical-environmental, computer drafting and design, dental hygiene and telecommunications career fields find starting jobs with annual salaries ranging from about \$48,500 to \$58,000," says Keri Gutierrez of Texas State Technical College at Harlingen.

CONTINUED ON PAGE 8

## LIT PARTNERSHIP MEANS BETTER TRAINED, HIGHER PAID TEXANS

**T**he Lamar Institute of Technology's (LIT) Workforce Training Department has helped numerous businesses create specialized curriculum to enhance the skills of their employees.

Southeast Texas Industries (STI), a multi-million dollar petrochemical

business, sought out LIT when the company decided to enhance the skills of its structural pipefitters.

Robert Woodard, a training leader for STI, said his company has benefited a great deal from the partnership.

"LIT is a great value, and we are very pleased with the outcome of the classes," Woodard says.

The result: better-trained employees with more marketable skills.

STI employees were being paid, on average, between \$9.50 and \$13 an hour. After training, they earned between \$14 and \$20.75 per hour as structural steel fitters.

For the past 10 years, the number of students taking classes through the LIT Workforce Department has risen from 1,100 to 3,338. **FN**

For more information about work force opportunities provided by the Lamar Institute of Technology, visit [www.lit.edu](http://www.lit.edu).





# Powerful Unio

CONTINUED FROM PAGE 7

## POWERING THE SOLUTION

The *Texas Works* report calls for greater collaboration between the Texas Education Agency, the Texas Higher Education Coordinating Board, the Texas Workforce Commission and the Comptroller's office to ensure Texas students are aware of all post-secondary educational options, including career and technical education (CTE).

In addition, the state should ensure policies such as the new "four-by-four" policy, which requires Texas high school students to enroll in four years each of math, science, language and social studies programs, don't discourage students from enrolling in career and technology courses.

Strategic funding will also play a major role in offsetting a misbalanced work force. The Comptroller's office would like to see up to \$10 million in grants over the biennium earmarked for existing programs that help low-income students attend community college and technical work force programs and \$10 million to be dedicated to help start CTE programs geared toward high-growth industries and occupations.

"Our focus is to make certain we're getting a positive return on our work force investment," Combs says. **FN**

To read the *Texas Works* report in its entirety, visit [www.window.state.tx.us/specialrpt/workforce](http://www.window.state.tx.us/specialrpt/workforce).

### ON THE WEB

To see a listing of some of Texas' hottest career paths and how to get started with work force training in your area, visit [www.everychanceeverytexan.org](http://www.everychanceeverytexan.org).

Photo courtesy of Austin Community College



*Students at Austin Community College learn advanced workplace skills.*

## AUSTIN COMMUNITY COLLEGE POWERS THE FUTURE

Tommy Whiteaker's story is one of reinvention. The Austin native graduated from the University of Texas in 2001 with a degree in communications and immediately entered the work force. After a few jobs, though, Whiteaker felt an imbalance in his professional life. He needed something more.

One brochure from Austin Community College later and his life took a transformation after entering the college's renewable energy program.

"This program puts the theory into practice," he says, speaking of his coursework in circuit design, digital logic and mechanical systems that will prepare him for careers ranging from solar panel technician to electrical engineer.

Whiteaker and his classmates hit the books and then hit the labs for hands-on technical work in preparation for entering one of the fastest-growing industries in the nation.

"The faculty are great. They come from industry and work hard to prepare you for the field," he says.

Whiteaker is interning with Austin Energy, which not only offers valuable on-the-job work experience to accompany his academics, but provides the opportunity for him to make an early name for himself in the industry he plans to work in soon. **FN**

Check out Austin Community College's Renewable Energy Program online by visiting [www.austincc.edu/electronics/degrees.php](http://www.austincc.edu/electronics/degrees.php).



he plan at AllianceTexas started simply enough: Build an industrial airport to attract large aviation manufacturing and maintenance companies to Texas. Fort Worth Alliance Airport, a partnership among the city of Fort Worth, the Federal Aviation Administration (FAA) and Hillwood Properties, opened in 1989. Within five years, the site had attracted the attention of Burlington Northern Santa Fe railroad (BNSF), which in 1994 opened a multipurpose hub adjacent to the airport.

From there, development around the airport took off.

"Once Burlington Northern came in with its hub, businesses started asking to build distribution centers next to it," says Steve Boecking, Hillwood's vice president of business development. "The hub was the driver behind the change."

Today, the 17,000-acre AllianceTexas project is a shining example of a mixed-use development where the pieces — retail, residential and, in this case, industrial — fit together. In all, more than 200 companies, including 65 Fortune 500 or Global 500 companies, have a physical presence at the site. Names such as FedEx Express, Lego and Motorola are among the occupants.

"We have 29 million square feet under roof right now, but we're only one-third developed," says Boecking. "Hopefully that will grow real fast."

AllianceTexas has created more than 29,000 jobs and contributed more than \$33 billion in local economic impact and more than \$625 million in property taxes.

## FROM HERE TO THE WORLD

In addition to its original industrial airport and the BNSF facility, AllianceTexas boasts two Class I rail lines and access to state and interstate highways, enabling tenants to quickly move products to market.

More than 9,600 acres are designated as a foreign trade zone (FTZ). The AllianceTexas FTZ is the top-ranked FTZ in the nation, with more than \$8 billion in cargo moving through





Steve Boecking,  
Hillwood's vice president of  
business development



Photos courtesy of AllianceTexas



## Trade, retail and residential fit together in mixed-use developments.

annually. With U.S. Customs services on-site, the trade zone allows cargo to enter the FTZ without first clearing customs.

"It can speed up the supply chain by a day or maybe as many as three," Boecking says. "If you can cut days off your supply chain, you can cut your inventory."

The airport's air traffic infrastructure and size accommodate large freight carriers such as FedEx Express.

The challenge of recruiting new businesses is greater still when the economy slows.

"Right now, naturally, there's a slow-down of the deal flow," Boecking says. "But, if businesses such as mass retailers start to consolidate into fewer distribution centers, AllianceTexas is a place that could pop up on their radars."

### LIVE, WORK, PLAY

Numerous retail locations are sprinkled within Alliance Texas' four residential developments. Restaurants, shops, banks and medical offices help complete the community circle, which Boecking says is the best part of the story.

"Those workers need homes and retail, and that has certainly fueled the residential development," he says.

Amenities and a feeling of community helped with Christina Weeks' decision to purchase a home at the site.



"It has hike and bike trails, tennis courts, and the amenity center is very nice — almost like a country club," she says.

And those amenities go a long way to promote a sense of community, Boecking says.

"Over the last 20 years, we've developed a very trusting relationship with all of our local entities," he says. "As a developer, we have to ask every day, 'What value are we returning to them for their investment?' More than \$600 million in tax revenue is the answer." **FN**

Learn more about AllianceTexas by visiting its Web site at [www.alliancetexas.com](http://www.alliancetexas.com).

*AllianceTexas strives to provide a balance between work, life and cutting edge logistical transport.*

### IN THE MIX

Houston's 2,400-acre Towne Lake development aims to offer residents retail access along its own 300-acre man-made lake. About 15 years away from completion, the developer's goal is to provide not only retail services, but services that enhance residents' quality of life.

"Our goal as a developer has always been to enrich people's lives, and we're very committed to that," says Fred Caldwell, president and CEO of Caldwell Companies. "It's a unique community and has gotten a lot of attention in the Houston area."

When completed, it will be the fourth-largest lake in the Houston area, and residents will be able to travel to retail centers by boat.

In Austin, the 700-acre Mueller development is home to about 400 families and will have about 5,000 residences when completed. The site, located at the old Robert Mueller Municipal Airport, will house 650,000 square feet of retail space and another 3.8 million square feet of office space. **FN**

More information on Towne Lake is available online at [www.townelaketexas.com](http://www.townelaketexas.com), and on Mueller at [www.muelleraustin.com](http://www.muelleraustin.com).

### A MAJOR CONTRIBUTOR

Since 1990, AllianceTexas has generated more than \$625 million in tax revenues for local public entities.

Fort Worth	\$120 million
Haslet	\$6 million
Roanoke	\$15 million
Denton County	\$16 million
Tarrant County	\$101 million
Keller ISD	\$116 million
Northwest ISD	\$252 million

Source: Hillwood Properties

# School Pays

"...when I finish, I should be in a position where I could get a management position at a feedlot or run a ranch."

Ray Crump  
— student, Clarendon College

## WORKING TEXANS EARN RETURN ON EDUCATIONAL INVESTMENT

When the economy struggles, the job market becomes a more competitive place. Skills and work experience are factors in edging out other contenders for job vacancies.

Opportunities are limited for anyone with less than a high school education. The median weekly income of a high school graduate older than 25 and working full-time is \$619 — 35 percent higher than the median income for a worker who didn't earn a high school diploma. For a worker with a bachelor's degree, the median income is 80 percent higher at \$1,115, according to the U.S. Bureau of Labor Statistics

### COMMUNITY COLLEGES GROWING



About 5,000 students signed up for spring classes at Southwest Texas Junior College, about 40 percent more than were enrolled a decade ago. With campuses in Uvalde, Eagle Pass and Del Rio, most of the students come from an 11-county region along the Texas-Mexico border.

"It looks like we kind of held our own," says Willie Edwards, the college's public information officer. In most years, the student

population drops 4 or 5 percent from fall to spring, but not in 2009 when the number rose by 48 students, almost 1 percent. "I think anybody in higher education would tell you, during a bad economy, you'll see some increases in enrollment."

In the Panhandle, the story is the same.

"Our enrollment this spring is up more than 8 percent from last spring," says Ashlee Estlack, marketing coordinator for Clarendon College. "This increase is due in part to higher enrollment in our technical programs. Our non-traditional, commuter demographic has grown and we hope to target this group and continue to see growth."

Ray Crump, 44, enrolled in the ranch and feedlot program to improve his earning potential. A Clarendon resident, the college's proximity allows him to attend classes and work part-time. He says he plans to continue in the fall semester working toward an associates degree.

"There are lots of possibilities, but right now, when I finish, I should be in a position where I could get a management position at a feedlot or run a ranch," Crump says.

Jack McCarty, a computer instructor at Clarendon's Pampa campus, says a majority of students in his Microsoft IT Academy classes are switching careers, although some come directly from high school.

"It's primarily work force education," he says. "Teaching employability is my number one goal. At this level, people need to know basically how a network functions."

The first level of accomplishment is a technical certification. Students can take additional classes to earn an associate of applied science (AAS) degree.

Clarendon's computer students come from a wide variety of backgrounds with one thing in common: a desire to expand their skills and hiring potential.

Jimmie Adams, 47, tried college after high school but quickly traded books for a ranching job. He also welded and worked at a county jail until medical problems forced him to find alternative employment. Just two classes away from completing his associates degree, Adams has his eye on finding an IT job when he's done, a big change from ranch work.



## EARNINGS BY EDUCATIONAL ATTAINMENT

CHARACTERISTIC	Number of workers (in thousands)	UPPER WEEKLY EARNINGS LIMIT OF:		
		Lowest 10%	Median	Top 10%
Total, 25 years and over	95,895	\$368	\$764	\$1,770
Less than a high school diploma	8,220	282	459	883
High school graduate, no college (1)	26,650	332	619	1,247
Some college or associate degree	26,685	385	719	1,402
Bachelor's degree and higher (2)	34,340	541	1,115	2,324
Bachelor's degree only	22,229	507	1,016	2,209
Advanced degree	12,111	639	1,272	2,662
(1) Includes persons with a high school diploma or equivalent				
(2) Includes persons with bachelor's, master's, professional and doctorate degrees				
Source: Bureau of Labor Statistics				

Pilot Jesse Seaman, a former Texas Instruments electrical engineer who already holds a bachelor's degree in electrical engineering, took the opportunity to learn new skills when he signed up for the certificate computing courses at Clarendon.

"With time down [between flights] while I'm waiting for people, I'm taking these classes to broaden my technical ability and skills on computers," he says.

Seaman says he enjoys his job, but wants a backup in the event of his flying work ever drying up: "If my boss has to sell his airplane, I'll have something to do."

## SUCCESS STARTS WITH EDUCATION



Having the right education is where employers begin. Dallas-based Curt Blutworth, a human resources director for Hewlett-Packard's EDS Division, tells students during annual career days at his former high school to continue their education after graduation.

"Whatever circumstances are in your life, if what you can do is go to a technical school or a two-year school and get an associates

Clarendon's computer students come from a wide variety of backgrounds with one thing in common: a desire to expand their skills and hiring potential.

degree, do it," he says. "Just be sure you are relevant in the marketplace."

Blutworth says HP, which employs more than 300,000 people in 80 countries, puts a premium on education — including what employees bring in when they're hired.

"We've taken a whole different approach to the learning culture at HP," he says.

## TAKE IT INTERACTIVE

Take a virtual 3-D flyover tour of the community colleges featured in the *Texas Works* report using Google Earth! Visit [www.fiscalnotes.com](http://www.fiscalnotes.com).

"People have traditionally thought that you only get further educated if you take a formal class. That's not where adults necessarily learn the most. We rotate our talent within our company — giving people an opportunity to learn on the job, because it's a new experience."

## HAVE DEGREE, WANTING MORE

Economic uncertainty hasn't put a stop to high-level businessmen and women wanting to expand their education. An executive MBA designed for working professionals that fits around their schedules is a popular alternative to a traditional full-time MBA, says Julie Orzabal, director at Texas A&M University's Executive MBA (EMBA) program in The Woodlands.

And while students undoubtedly enroll with the expectation they will be financially better off after graduation, Orzabal says the primary motivation is to enhance their management skills and add value to their organizations.

Amy Schwab, who graduated from A&M's EMBA program in 2008, was promoted to Constellation Energy's director of Operational Accounting overseeing accounts receivable transactions of about \$6 billion annually. Her company provided tuition reimbursement and time off to prepare for classes.

"I came to a point in my career where I felt I was not able to fully participate in executive-level meetings and was unsure how to politically navigate the organization to get things accomplished," Schwab says.

The training provides an obvious return on investment for both Constellation Energy and Schwab.

"Management recognizes my ability to perform at a higher level and continues to provide me opportunity to prepare for promotion to a vice president level," she says. "This is a few years down the road, but the momentum and support for me reaching that level is definitely there." **FN**

# Brief Bytes

## BIG DREAMS FOR TEXAS BABIES

**T**uition at Texas public colleges has increased by as much as 58 percent since 2003 and is expected to continue to rise. More than 4,800 families, however, have locked in today's college costs with the Texas Tuition Promise Fund.

As of February, 4,846 children were enrolled in the plan, purchasing contracts of almost \$100 million in future college tuition and required fees. Families in the Texas Tuition Promise Fund, which is managed by the Texas Comptroller's office, can choose from levels of pricing to prepay undergraduate resident tuition and



fees at public community colleges and four-year state universities.

Parents of a newborn can pay as little as \$15.16 per month until high school graduation to prepay a year of tuition at a community college.

Families with children younger than one year old have until July 31, 2009, to enroll in the program. Enrollment for all other children closed Feb. 28, but will open again on Sept. 1, 2009.

To learn more about the Texas Tuition Promise Fund, or to enroll, visit [www.TexasTuitionPromiseFund.com](http://www.TexasTuitionPromiseFund.com).

*(Tracey Lamphere)*



## TEXAS HOME PRICES HOLD STEADY

**W**hile the rest of the country experienced falling home prices, Texas' metropolitan statistical areas (MSAs) held their home values. Just five of Texas' 26 MSAs saw average prices decline in a 12-month period ending in September.

During the third quarter of 2008, Dallas-Fort Worth, Houston and San Antonio were among the least likely large MSAs in the country to experience lower home prices in the next two years, according to PMI Group's Winter 2009 Risk Index. Each had a risk index of less than one. Austin ranked as the 12th least likely metropolitan area to experience home price depreciation, with a 5.4 risk index, up from 2.3 in the second quarter of 2008.

Half of the nation's 50 largest MSAs have an elevated or high probability of seeing lower house prices by the end of the third quarter of 2010, according to PMI.

"The two primary drivers of increased risk scores across a broader segment of MSAs are the continued high level of foreclosures and rising unemployment," says David Berson, PMI's chief economist and strategist.

Four of Texas' MSAs ranked in PMI's list of top 10 annual house price appreciation rates. Sherman-Denison had an appreciation rate of 8.56; Victoria, 8.34; Odessa, 7.98; and Bryan-College Station, 6.71.

PMI's U.S. Market Risk Index uses economic, housing and mortgage market factors (including home price appreciation, employment, affordability, excess housing supply, interest rates and foreclosure activity) to determine the probability of lower home prices in the future.

For the full study, see PMI Group's Risk Index at [www.pmi-us.com/media/pdf/products\\_services/eret/pmi\\_eret09v1.pdf](http://www.pmi-us.com/media/pdf/products_services/eret/pmi_eret09v1.pdf).

*(Karen Hudgins)*







## CALL CENTER ADDS 325 VALLEY JOBS

The Birmingham, Alabama-based Infinity Insurance Group has opened a new 325-seat call center in McAllen.

The facility features state-of-the-art telecommunications technology and will house claims and customer service representatives who will take calls from Spanish-speaking customers.

Infinity officials selected the location because of its infrastructure, skilled work force and local support for economic development.

For more information, visit [www.InfinityAuto.com](http://www.InfinityAuto.com).

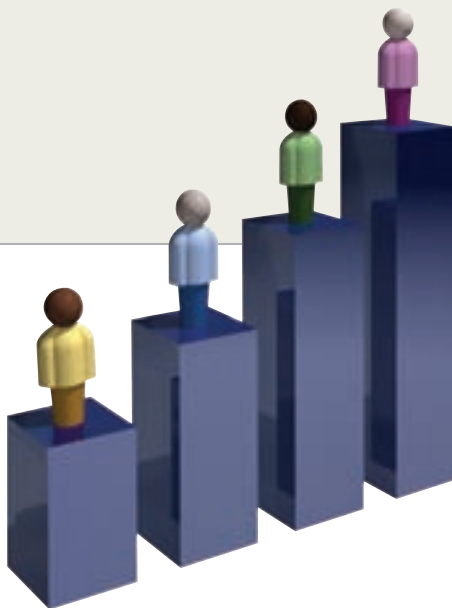
(Tracey Lamphere)

## GROWING ENROLLMENT



Six Texas schools ranked in a national list of fastest-growing U.S. community colleges for 2007, according to a recent report compiled by *Community College Week*. All six were ranked against colleges with a student body of 2,500 to 4,999, and three of them — Texas State Technical College-Harlingen (10), Temple College (24) and Howard College, Big Spring (26) — experienced percentage growth in double digits between the fall semesters of 2006 and 2007. The other three to make the top 50 were Cedar Valley in Dallas, Texarkana and Kilgore colleges.

(Gerard MacCrossan)



## CENSUS BUREAU OFFERS SHORT-TERM JOB RELIEF

The U.S. Census Bureau has opened 11 offices throughout Texas spanning from Corpus Christi to Plano. The offices provide residents an opportunity to gain federal work experience and an opportunity to work within their communities, says Jenna Steormann, spokeswoman for the Dallas Regional Census Center.

Roughly 1,000 jobs will be open to U.S. citizens 18 and older. Applicants will have to pass a background check and a basic aptitude test, which includes, map-reading, math and reading.

The temporary positions last about eight to 10 weeks, and employees can earn between \$8 and \$19.25 an hour.

The bureau also opened four offices outside of Texas, two in Louisiana and two in Mississippi.

"Our job is to hire locally," says Steormann. "We need people from the local community to step up and make the 2010 census the best one, because it will have a great effect on them for a number of years."

For more information, call the U.S. Census Bureau at (866) 861-2010.

(Toree Roy)

## TEXAS APARTMENT RENTAL RATES LOWER THAN NATIONAL AVERAGE

Three major Texas metropolitan areas boast some of the highest average monthly apartment rental rates in the state, according to a recent survey.

Austin-Round Rock held the highest average monthly rent at \$867, according to the survey by RealFacts, a California-based apartment consultant. Dallas-Fort Worth had the second highest apartment rents in Texas with an average rent of \$790. Houston's \$788 average placed its rental rates third.

The least expensive city among the Texas markets surveyed is Longview, with an average rent of \$608.

All of these were lower than the \$993 nationwide average rent in December 2008, down from \$1,002 in September.

"The decline in rents and occupancy is certainly good news for renters," the report states.

The RealFacts study found that overall apartment vacancy in major U.S. markets was 7.8 percent in December.

For more information or to obtain a copy of the report, visit [www.realfacts.com](http://www.realfacts.com).

(Karen Hudgins)

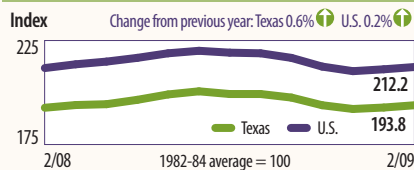


# Texas by the Numbers

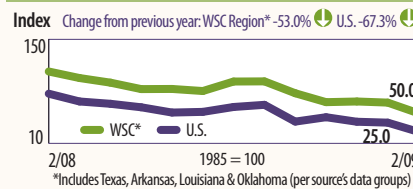
## Key Texas Economic Indicators

Between February 2008 and February 2009, the U.S. economy shed about 4.2 million jobs, a 3.0 percent decline. Texas gained 19,900 jobs between January 2008 and January 2009, for a 0.2 percent increase in nonfarm employment. Total state employment in January (10.6 million) fell by 50,600 jobs from December. Over the last year, Texas added jobs in educational and health services, leisure and hospitality, mining and logging, government and the financial and business sector.

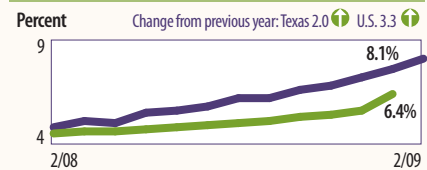
### Consumer Price Index



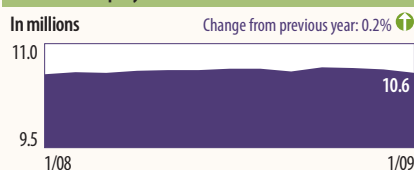
### Consumer Confidence Index



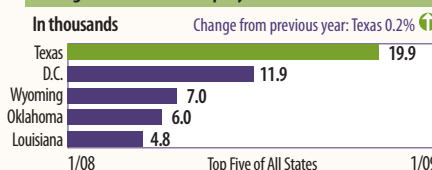
### Unemployment Rate



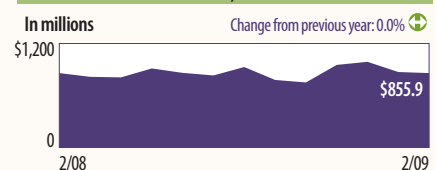
### Nonfarm Employment



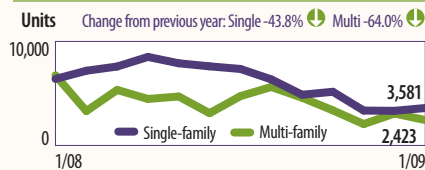
### Change in Nonfarm Employment



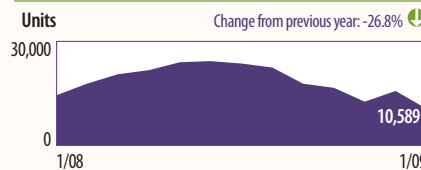
### State Sales Tax Collections, Retail Establishments



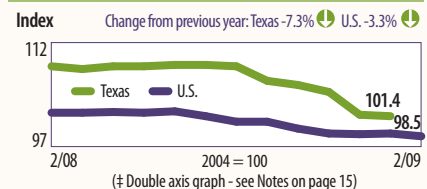
### Housing Permits



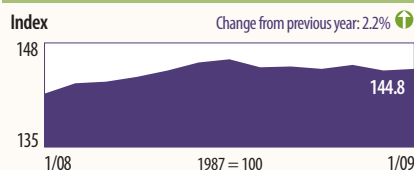
### Existing Single-Family Home Sales



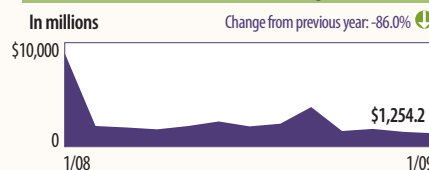
### Leading Economic Indicators Index



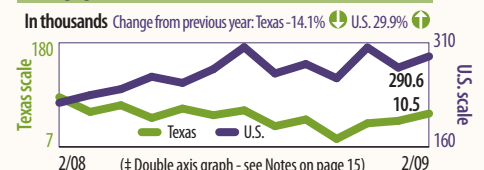
### Industrial Production Index



### Contract Value, Non-Residential Building Construction



### Mortgage Foreclosures



## Texas Production and Consumption Indicators

	Crude Oil Production	Natural Gas Production	Active Oil & Gas Drilling Rigs	Motor Fuels Taxed		Median Sale Price, Existing Single-family Home	Auto Sales	Cigarettes Taxed
	Value	Value	Units	Gasoline	Diesel	Dollars	Net Value	Packages of 20
Date	(Millions)	(Millions)		(Millions of Gallons)			(Millions)	(Millions)
2006	\$19,657.5	\$19,852.1	746	11,372.8	3,731.6	\$143,100	\$45,756.2	1,280.2
2007	21,850.3	22,968.4	834	11,624.8	3,886.9	147,500	48,500.6	1,085.8
Dec-07	2,316.2	2,320.4	884	965.8	342.4	147,300	3,828.5	88.2
Jan-08	2,414.4	2,526.1	859	985.8	313.7	138,700	4,034.0	76.7
Feb-08	2,307.6	2,492.6	866	954.2	343.2	142,500	3,840.8	80.2
Mar-08	2,708.8	3,011.9	881	940.6	324.1	146,800	3,940.0	79.1
Apr-08	2,770.4	3,102.1	887	1,010.4	281.1	146,700	3,957.8	90.5
May-08	3,216.9	3,794.8	906	975.8	343.1	150,500	3,791.7	98.3
Jun-08	3,328.6	4,029.5	923	1,018.3	331.5	154,700	4,051.0	89.6
Jul-08	3,455.6	4,486.7	920	954.0	321.3	152,900	4,148.3	93.3
Aug-08	3,043.6	3,312.8	934	982.3	342.5	151,500	3,829.4	80.9
Sept-08	2,579.0	2,431.5	946	1,054.7	248.6	144,900	3,727.2	88.9
Oct-08	2,059.1	2,287.4	925	852.3	377.9	142,200	3,317.6	98.6
Nov-08	1,480.9	1,807.9	899	1,018.0	343.5	137,100	2,862.9	85.3
Dec-08	1,034.4	1,823.4	826	963.2	283.5	140,300	2,941.7	99.3
Jan-09	977.5		701	1,023.2	294.7	131,100	3,022.6	73.0
Feb-09			574	965.3	291.5			77.0



## March Cash Condition<sup>1</sup>

(Amounts in millions)	General Revenue	Other Funds	Total Cash
Beginning Balance March 1, 2009	\$6,684.1	\$21,898.3	\$28,582.4
Revenue/Expenditures			
Revenue	7,009.6	1,635.6	8,645.2
Expenditures	5,758.9	2,565.9	8,324.8
Net Income (outgo)	\$1,250.7	\$-930.3	\$320.4
Net Interfund Transfers and Investment Transactions	\$-611.0	\$530.1	\$-80.9
Total Transactions	639.7	-400.2	239.5
<b>End Cash Balance March 31, 2009<sup>2</sup></b>	<b>\$7,323.8</b>	<b>\$21,498.1</b>	<b>\$28,821.9</b>

<sup>1</sup> Cash stated is from the Comptroller's Uniform Statewide Accounting System (USAS) and will vary from the amounts reflected in the cash accounts of the Treasury Operations Division of the Comptroller's office due to timing differences. Net amounts shown (less refunds) exclude funds that are authorized to be held outside the State Treasury and are not processed through USAS. Suspense and Trust Funds are included, as are unemployment compensation trust funds collected by the state but held in the Federal Treasury. Totals may not add due to rounding.

<sup>2</sup> The ending General Revenue Fund balance includes \$6.1 billion derived from the sale of cash management notes.

## State Revenue/All Funds<sup>1</sup>

(Amounts in millions)	Monthly Revenue Mar. 2009	Fiscal Year-to-Date Sept. 2008-Mar. 2009 Revenue	% Change YTD/YTD
<b>Tax Collections by Major Tax</b>			
Sales Tax	\$1,589.1	\$12,581.7	1.9%
Oil Production Tax	38.4	563.6	-20.6
Natural Gas Production Tax	118.0	1,229.5	-7.4
Motor Fuel Taxes	235.0	1,748.0	-3.7
Motor Vehicle Sales Tax	213.6	1,567.6	-19.4
Franchise Tax	117.3	-86.9	-212.9
Cigarette & Tobacco Taxes	132.1	895.0	13.6
Alcoholic Beverages Tax	64.3	458.4	3.3
Insurance Companies Tax	331.4	745.7	-14.5
Utility Taxes <sup>2</sup>	1.6	250.8	9.0
Inheritance Tax	0.1	2.6	-39.3
Hotel/Motel Tax	26.2	199.1	-0.3
Other Taxes <sup>3</sup>	-7.6	259.3	-29.9
<b>Total Tax Collections</b>	<b>\$2,859.4</b>	<b>\$20,414.2</b>	<b>-3.4%</b>
<b>Revenue by Receipt Type</b>			
Tax Collections	\$2,859.4	\$20,414.2	-3.4%
Federal Income	3,339.7	17,169.5	18.1
Interest and Investment Income	196.2	1,065.0	-40.2
Licenses, fees, permits, fines,	790.7	4,227.0	-42.4
Contributions to Employee Benefits	463.3	2,850.3	6.5
Sales of Goods and Services	44.8	244.6	-10.4
Land Income	45.2	567.4	5.4
Net Lottery Proceeds <sup>4</sup>	134.3	900.1	-4.4
Other Revenue Sources	771.7	4,638.6	14.2
<b>Total Net Revenue</b>	<b>\$8,645.3</b>	<b>\$52,076.7</b>	<b>-2.2%</b>

<sup>1</sup> Excludes revenues for funds that are authorized to be held outside the State Treasury and are not processed through USAS. Totals may not add due to rounding.

<sup>2</sup> Includes the utility, gas utility administration and public utility gross receipts taxes.

<sup>3</sup> Includes the cement and sulphur taxes and other occupation and gross receipt taxes not separately identified.

<sup>4</sup> Gross sales less retailer commissions and the smaller prizes paid by retailers.

### Notes:

Crude oil and natural gas figures are net taxable values. Gasoline gallons include gasoline. Auto sale values are calculated from motor vehicle taxes collected on new and used vehicle sales. All figures are seasonally adjusted, except for sales tax collections, rigs, consumer price, housing permits/sales/prices, and consumer confidence. Figures are based on the most recent available data. Annual figures are for calendar years. If Double axis graphs. Graphs with two vertical axes show values for Texas on the left and values for the U.S. on the right. This method shows trends more clearly over the last year when data values are substantially different at state and national levels.]

### Sources:

#### Key Texas Economic Indicators:

Consumer Price Index, Change in Nonfarm Employment: U.S. Bureau of Labor Statistics  
Consumer Confidence Index: The Conference Board  
Leading Economic Indicators Index: Texas Comptroller of Public Accounts, The Conference Board  
Unemployment Rate: Texas Workforce Commission, U.S. Bureau of Labor Statistics  
Nonfarm Employment: Texas Workforce Commission  
State Sales Tax Collections, Retail Establishments: Texas Comptroller of Public Accounts  
Housing Permits, Existing Single-family Home Sales: The Real Estate Center at Texas A&M University

Industrial Production Index: Federal Reserve Bank of Dallas  
Contract Value, Non-Residential Building Construction: McGraw-Hill  
Mortgage Foreclosures: RealtyTrac

#### Texas Production and Consumption Indicators:

Crude Oil, Natural Gas, Motor Fuels, Auto Sales, Cigarettes: Texas Comptroller of Public Accounts  
Active Oil & Gas Drilling Rigs: Baker-Hughes Incorporated  
Median Sale Price, Existing Single-family Home: The Real Estate Center at Texas A&M University

## State Expenditures/All Funds<sup>1</sup>

(Amounts in millions)	Monthly Expenditures Mar. 2009	Fiscal Year-to-Date Sept. 2008-Mar. 2009 Expenditures	% Change YTD/YTD
<b>By Object</b>			
Salaries and Wages	\$869.8	\$6,196.0	6.8%
Employee Benefits/Teacher Retirement Contribution	776.4	5,152.8	5.8
Supplies and Materials	74.5	559.7	3.5
Other Expenditures	310.8	1,876.7	18.7
Public Assistance Payments	3,734.3	21,726.4	16.2
Intergovernmental Payments:			
Foundation School Program Grants	614.5	13,010.2	-1.5
Other Public Education Grants	1,036.6	2,715.8	1.4
Grants to Higher Education	111.8	676.1	14.1
Other Grants	460.6	1,958.8	61.1
Travel	13.6	96.8	17.4
Professional Services and Fees	131.4	1,161.9	-3.7
Payment of Interest/Debt Service	247.6	634.8	11.2
Highway Construction and Maintenance	357.5	2,424.2	-21.0
Capital Outlay	32.2	271.9	2.6
Repairs and Maintenance	54.7	400.9	6.8
Communications and Utilities	39.1	249.2	-12.7
Rentals and Leases	21.7	167.9	9.6
Claims and Judgments	7.6	53.4	-22.7
Cost of Goods Sold	40.6	520.6	8.1
Printing and Reproduction	4.0	29.2	9.7
<b>Total Net Expenditures</b>	<b>\$8,324.8</b>	<b>\$59,883.2</b>	<b>7.4%</b>
<b>By Function</b>			
General Government			
Executive	\$535.6	\$3,489.4	11.0%
Legislative	11.9	79.8	8.5
Judicial	16.7	141.8	1.4
Subtotal	564.2	3,711.0	10.5
Health and Human Services	3,491.0	21,066.2	17.9
Public Safety and Corrections	412.7	2,982.3	20.7
Transportation	788.3	3,946.5	-12.8
Natural Resources/Recreational Services	142.3	1,284.0	11.7
Education	1,902.0	21,069.9	0.7
Regulatory Agencies	22.2	211.8	21.8
Employee Benefits	682.6	4,431.4	4.8
Debt Service—Interest	247.6	634.8	11.2
Capital Outlay	32.2	271.9	2.6
Lottery Winnings Paid <sup>2</sup>	39.8	273.3	14.2
<b>Total Net Expenditures</b>	<b>\$8,324.8</b>	<b>\$59,883.2</b>	<b>7.4%</b>

<sup>1</sup> Excludes expenditures for funds that are authorized to be held outside the State Treasury and are not processed through USAS. Totals may not add due to rounding.

<sup>2</sup> Does not include payments made by retailers. Previously shown as "Other expenditures."

Some revenue and expenditure items have been reclassified, changing year-to-date totals. The ending cash balance is not affected because changes reflected in "total net revenues" and "total net expenditures" offset changes in "net interfund transfers and investments transactions" in the cash condition table.

Revenues and expenditures are reported for the most recent month available and as a running total for the current fiscal year-to-date. In addition, year-to-date figures are compared with the same period in the last fiscal year. These comparisons are reported as percentage changes, which may be positive or negative (shown by a minus sign).

Trust fund transactions are included within revenues and expenditures in the "all funds" presentations. Trust funds are not available to the state for general spending.



**FISCAL NOTES** is one of the ways the Comptroller's office strives to assist taxpayers and the people of Texas. The newsletter is a by-product of the Comptroller's constitutional responsibilities to monitor the state's economy and to estimate state government revenues.

**FISCAL NOTES** also provides a monthly summary of the financial statements for the State of Texas.

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Texas Comptroller of Public Accounts  
Publication #96-369,  
April 2009

# FISCAL NOTES

A Monthly Review of the Texas Economy from the Office of Susan Combs, Texas Comptroller of Public Accounts

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## TEXAS CITIES REMAIN STRONG FOR CORPORATE GROWTH

**HOUSTON** earned the No. 1 spot on *Site Selection* magazine's list among Top Metro rankings for corporate location of cities with populations of more than 1 million.

Metro Area	Number of Corporate Real Estate Projects in 2008
1. HOUSTON-Baytown-Sugar Land	179
2. DALLAS-FORT WORTH-Arlington	156
3. Chicago-Naperville-Joliet	138
4. Cincinnati-Middletown	124
5. Detroit-Warren-Livonia	108

Source: *Site Selection* magazine, March 2009